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Whsle Partners

Source: https://www.industrydocuments.ucsf.edu/docs/qmbp0000

FSC-183-B	11/1/96
SUBJECT: Commonwealth Tobacco - Montclair Acquisition	

DISTRIBUTION:

X	AVP	X	KAM	X	DM
X	RSM	X	AM	X	RM
X	RBM	X	Reg.Mil./DF Mgr.		MIL
X	ROM	X	AE		REP

(Please disseminate to all Sales and Retail Representatives)

As many of you are likely aware, the FTC has approved the sale of several cigarette brands from Brown & Williamson to Commonwealth Tobacco in Kentucky.

The purpose of this letter is to advise you of our position on how one brand in particular is being viewed by us from a price tier standpoint -- that brand being Montclair.

Based on our knowledge of the price, rebate and promotion structure being offered by Commonwealth on Montclair, it will have an everyday price point that classifies it as a lowest tier brand. It is no longer a mid-price or Branded Savings proposition.

The reasons we want this to be very clear are:

1. **In the past, in some markets due to its size Montclair may have been a trigger for either our price gap or ceiling strategy as a Branded Savings brand; this no longer applies.**

2. **Potential impact this brand and its new pricing could have on a direct buying customer's Wholesale Partners (and all industry programs) earnings. In addition, there is a potentially significant impact on the Retail Accrual Program rate per carton (dropping from as much as 25¢ to 10¢ / or actually 50¢ to 20¢ if you consider the match portion).**

Please make it very clear to your Direct Accounts and Retailers that the total financial impact on their programs could be significant by fully utilizing the Retail and Wholesale Profitability Tools/Models.

In the end, it is the customers' decision on what path to take with any new or reintroduced product but it is our responsibility to ensure they understand the total financial impact of that decision.

Dave	*Jim*	*Rick*	*Pat*
D. L. Wilmesher	J. W. Best	R. M. Sanders	P. J. Cundari
North East Sales	Southern Sales	Western Sales	Mid-West Sales
Area Vice President	Area Vice President	Area Vice President	Area Vice President

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